

Message Text

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ACTION EB-11

INFO OCT-01 EA-11 ADP-00 CAB-09 CIAE-00 COME-00 DODE-00

INR-10 NSAE-00 RSC-01 FAA-00 SS-15 NSC-10 L-03 H-02

SSO-00 NSCE-00 USIE-00 INRE-00 RSR-01 /074 W
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O R 071745 Z MAY 73

FM AMCONSUL MELBOURNE

TO SECSTATE WASHDC IMMEDIATE 1615

INFO AMEMBASSY CANBERRA

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E. O. 11652: N/-

TAGS: ETRN, AS

SUBJECT: CIVAIR

: CHARTER TALKS

1. CHARTER TALKS OPENED MAY 7 WITH GENERAL DISCUSSION
CURRENT STATUS ABC/ TGC' S, AFFINITIES AND ITCS. AUSDEL
SAID NOT PREPARED APPROVE TGC CHARTER FOR FORESEEABLE
FUTURE.

2. RE AFFINITIES, AUSDEL ASKED NUMBER QUESTIONS
REGARDING US CONTINUANCE OF AFFINITIES AND RELATIONSHIP
TO TGCS. USDEL SAID COULD NOT PREDICT OUTCOME PRESENT
PROCEEDING. RE ITCS AUSDEL ASKED WHEN PROCEEDING
AUTHORIZING ITCS FOR SKEDS WOULD BE COMPLETED. USDEL
SAID EXPECTED PROCEEDING TO TAKE SOME TIME BUT COULD NOT
PREDICT TIME OF CONCLUSION.

3. AUSDEL EMPHASIZED THAT ANY DEAL MUST BE STRICTLY ON
BASIS RECIPROCITY AND, IN LIGHT 30 ITC CHARTER PROGRAM
FOR THIS YEAR, FELT 1974 ITC PROGRAM OF 30 CHARTERS FOR
QANTAS OUT OF AUSTRALIA AND 30 FOR ALL US CARRIERS OUT
OF US WAS REASONABLE. HAD NO VIEWS ON CHARTERS OUT OF
AUSTRALIA FOR US CARRIERS AND VICE VERSA BUT WOULD LOOK
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AT THIS. AUSDEL PREPARED ACCEPT RULES OF ORIGIN ON ITC'S.

4. RE AFFINITIES AUSDEL FELT NO POINT IN INCLUDING BECAUSE OF POSSIBLE CAB ACTION BUT UNDER URGING AGREED TO LOOK AT MATTER AGAIN TOMORROW. USDEL POINTED OUT DIFFICULTIES OF FIRST REFUSAL POLICY AND PRICING (50 PER CENT OF MINIMUM ECONOMY).

5. RE SPLIT CHARTERS AUSDEL INTIMATED NO DIFFICULTY IN ARRIVING AT REASONABLE NUMBER POINTING OUT THAT GOA HAD BEEN PREPARED GIVE WORLD 40 MINIMUM SPLIT ON CURRENT PROGRAM. ON SINGLE ENTITIES THESE WERE FORMALLY RESERVED FOR SKEDS BUT AS PRACTICAL PROBLEM SUPPLEMENTALS HAD NOT BEEN REFUSED.

6. USDEL MADE GENERALPOINTS REGARDING STIFLING NATURE OF NUMERICAL LIMITATIONS, NEED FOR INTERGOVERNMENTAL AGREEMENT ON ALL ASPECTS, NON- DISCRIMINATION AS BETWEEN US CARRIERS AND PROMISED REACT TO AUS PROPOSAL TOMORROW.

7. AS WE SEE IT VARIOUS ISSUES FACING US IN AUS CHARTER TALKS ARE AS FOLLOWS:

A) KIND OF CHARTERS COVERED: AFFINITIES, ITC' S, SINGLE ENTITIES, CARGO CHARTERS INVOLVED BUT AUS ATTITUDE TOWARD THESE VARIES CONSIDERABLY, WHILE US RULES ON ITC' S MAKES THESE NON-COMPETITIVE, CCORDING TO NACA.

B) UNLIMITED VS QUOTA RIGHTS: GOA NOT LIKELY ACCEPT UNLIMITED CHARTERS SO HAVE TO FACE POSSIBILITY QUOTA. IF CONCEPT OF QUOTA ACCEPTABLE, SHOULD IT APPLY TO BOTH SKEDS AND SUPPLEMENTALS. NACA SUPPORTS INCLUSIVE QUOTA WHILE SKEDS OPPOSED TO ANY LIMITATIONS IN PAST FREEDOM IN CHARTER AREA.

C) RULES OF ORIGIN: MIGHT BE GOOD SOLUTION FOR PROBLEM OF DIFFERING RULES AND NACA SUPPORTS.

D) ITC' S: AUS INSISTENCE ON RECIPROCITY MEANS PROVIDING QANTAS WITH THESE RIGHTS. ARE WE LIMITED OFFICIAL USE

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PREPARED, IN LIGHT SABEN CASE, TO MAKE COMMITMENT ON ITC RIGHTS FOR QANTAS EVEN THOUGH US CARRIER ABILITY TO EXPLOIT THEM APPARENTLY LIMITED. IN THIS CONNECTION GOA CONSIDERS CURRENT WORLD PROGRAM AS ITC' S WHILE IN US THEY ARE CONSIDERED AFFINITY.

E) FIRST REFUSAL POLICY: PRESUMABLY US POSITIONS
IS THAT THIS STILL UNACCEPTABLE.

F) SIZE OF SPLIT CHARTER GROUP: THIS WAS ISSUE IN
LAST ROUND, ALTHOUGHT IT APPEARED WE COULD SETTLE
FOR GROUP SIZE AROUND 50.

G) DIRECTIONAL BALANCE: SO FAR MOST CHARTERS HAVE
BEEN US ORIGIN. SHOULD WE MAKE THIS ISSUE IN ANY
AGREEMENT.

H) AUS RULE ON PRICING OF AFFINITIES: ACCORDING NACA
AUS RULE PROVIDING FLOOR OF 50 PER CENT OF LOWEST
ECONOMY FARE FOR AFFINITIES MAKES MARKETING
DIFFICULT. PRESUMABLY THIS SHOULD BE ELIMINATED.

8. WHILE DOUBTFUL WE WILL CONCLUDE DEAL WHILE HERE REQUIRE
GUIDANCE ON ABOVE POINTS PLUS SPECIFIC AUS POSITION IN ORDER
CREDIBILITY US INTEREST IN CHARTERS. APPRECIATE RESPONSE
0900 TUESDAY MELBOURNE TIME.
FLUKER

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